



November 30, 1984

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SUBJECT: Servicing Delinquent Farmer Program
Loans in FY 1985

TO: State Directors and Farmer Program Chiefs

This AN updates, revises and replaces AN No. 912 (1960) dated October 3, 1983.

The purpose of this AN is to provide guidance for servicing delinquent loans to Farmer Program borrowers who cannot be assisted after considering all servicing authorities including the set-aside of a portion of the debt.

Within the broad authorities of this Agency it may still be possible to make 1985 annual production loans or process subordinations for such purposes to delinquent borrowers provided the following conditions are met:

1. The borrower has acted in good faith by demonstrating sincerity and honesty in meeting agreements and promises made with and to the FmHA;
2. The borrower has been unable to pay accounts as scheduled. Examples of this would be:
 - A Reduction in essential income from a nonfarm job due to unemployment or underemployment of the borrower-operator or spouse caused by circumstances beyond the borrower's control; or
 - B Reduction in income due to illness, injury or death of an individual borrower, or, in the case of an entity borrower, the stockholder, member or partner who operates the farm; or
 - C Reduction in income due to natural disasters, an outbreak of uncontrollable disease, and or uncontrollable insect damage which caused severe loss of agricultural production that reduced the repayment ability of the borrower to the degree that scheduled payments cannot be made.

EXPIRATION DATE: November 30, 1985

FILING INSTRUCTIONS: Preceding
FmHA Instructions 1960-A



Borrower Name _____ Case No. _____
County _____ Type(s) of Loans _____
Security: Real Estate: _____ Chattels: _____

CRITERIA FOR CONTINUING ASSISTANCE TO DELINQUENT BORROWERS:

1. Has the borrower acted in good faith, demonstrated sincerity and honesty in meeting agreements and promises made with FmHA?
Yes _____ No _____ : Provide specific information and reference.

2. Has the borrower been unable to pay their accounts as scheduled.
Yes _____ No _____ : Provide specific information and reference.

3. Has the borrower applied the improvements and key practices spelled out in production and financial management Item D of the Farm and Home Plan or identified in the CFSA's cash flow schedules?
Yes _____ No _____ : Provide specific information and reference.

4. Has the borrower properly maintained chattel and real estate security and properly accounted for the sale of security, including crops, livestock and livestock production?
Yes _____ No _____ : Provide specific information and reference.

- Yes No : Provide specific information and reference.
current year's plan of operations in each case.

- _____
- _____
- _____
- _____

Date